

## 2023 Arden Board of Assessors Report

The 2023 Board of Assessors adopted the principle of the Community Standard of Living Method of Arden Assessment in use since 1980 as the basis for determining total land rent.

The "Community Standard of Living Method of Arden Assessment" defines total "Full Rental Value" of the leaseholds as the sum of town expenses (both "non-discretionary" in the form of county and school taxes, and "discretionary" as embodied in the town's budget), and the cost of administering the trust, while maintaining a "prudent reserve". The Assessors determine Full Rental Value for each leasehold, using formulas intended to reflect the relative value of leaseholds, based on lot size, zoning privileges and location factors (see rates and factors below.) Based on information obtained from the Budget Committee, the Village Treasurer and the Trustees, the Board of Assessors presents the following report.

The Board of Assessors uses a multi-tier evaluation of each leasehold. The "A Rate" applies to the first 7,116 square feet of a leasehold. This number is based on the smallest leasehold in Arden. The 2023 "A Rate" is calculated at \$311.000/1000 square feet.

The County Code permits construction of one dwelling unit on each Arden leasehold. It also permits accessory dwelling units on Arden leaseholds existing prior to May 1, 2007 referred to as "grandfathered ADUs". There are a total of 49 of these "grandfathered ADUs." In addition the Trustees and the County, as approved by the Town assembly in 2017, permit every leaseholder to create one additional dwelling unit ("New ADUs"), subject to certain conditions, including: the "New ADU" must be incorporated into or attached to the principal domicile; the property owner shall occupy and reside in either the principal dwelling unit or the ADU as his or her principal legal residence and it must be approved by the Trustees and the County. The Board of Assessors believes that the "B Rate" should not apply to the privilege associated with "New ADUs" because all leaseholders have the same privilege. It has determined that the "B Rate" should apply only to "Grandfathered ADUs." "Grandfathered ADUs" differ from "New ADUs" because they are not subject to the conditions applicable to "New ADUs." The "B Rate" is set at \$830.16, an increase of 1.32% from last year's B-Rate, which is the same increase applied to the "A Rate" for 2024 land rent collection.

The "C Rate" is applied to the amount of land of a leasehold not covered by the "A Rate", i.e., in excess of 7,116 square feet. The "C Rate" is assessed at 40% of the "A Rate."

The "D Rate," the commercial rate, is currently for one leasehold. The "D Rate" continues at a surcharge of 75% of the "A Rate" with no location factor deduction for frontage on Marsh Road.

The Base Land Rent (BLR) for a leasehold is a total of all applicable "Rates."

Specific Location Factors are as follows:

- |  |      |
|--|------|
| 1. Leaseholds adjacent to Arden Forest, Ardencroft Forest, or Sherwood Forests                           | +10% |
| 2. Leaseholds fronting on Arden Forest, Sherwood Forest, or Ardencroft Forest by being across the street | + 5% |
| 3. Leaseholds adjacent to or fronting on a communal green  | + 5% |
| 4a. Leaseholds adjacent to Harvey Road   | -10% |
| 4b. Leaseholds adjacent to Marsh Road  | - 5% |
| 5. Leaseholds having driveway access only to Harvey Road and/or Marsh Road                               | - 5% |

Notes:

1. Specific Location Factor charges (in dollars) to be added to or subtracted from the sum of the Base Land Rent (A Rate + B Rate + C Rate) are obtained by multiplying the Base Land Rent for the leasehold by the appropriate Specific Location Factors as given above.
2. Specific Location Factors are additive if more than one factor applies; however, if there are multiple forest factors only the higher rate shall be applied.
3. No fractional or partial factors apply for leaseholds fronting or adjacent to forests or communal greens.

The Board of Assessors set the "A Rate" for March 2024 land rent collection at \$311.00/1000 square feet. Applying that rate, and the other rates and factors described above, the total land rent assessment for 2024 is \$783,890.48 which is a modest increase from 2023 of 1.32%. The reasoning for this increase is based on the 3-year financial forecast received from the Budget Committee and the anticipated increase upcoming New Castle County Property Tax Reassessment. The Prudent Reserve is fully funded having reached the minimum goal of \$150,000. No additional collections are necessary to increase the Prudent Reserve at this time.

The companion spreadsheet which includes specific leasehold assessments for 2024 land rent collection is part of this Assessors Report.

1) Forecasted Expenditures:

School & County Taxes *	\$ 578,225
Property Tax Reassessment Contingency **	\$ 11,680
Trust Administration	\$ 30,000
Arden Town Budget, discretionary	\$ 98,100
Arden Town Budget, non-discretionary	\$ 184,920
American Rescue Plan Act	\$ 219,926
<b>Total forecast expenditures</b>	<b>\$ 1,122,851</b>

\* Includes \$5,800 reduction (5%) NCC Property Tax Reduction, as per County Executive Matt Meyer

\*\* Contingency for anticipated 2025 NCC Property Tax Reassessment increase

2) Forecasted Revenue:

Forecasted Revenue from sources other than land rent ***	\$ 68,627
Total Revenue from land rent	\$ 783,890
American Rescue Plan Act	\$ 219,926
<b>Total expected revenue</b>	<b>\$ 1,072,443</b>

\*\*\* (United Water tower, Comcast/Verizon, BWVC Rentals, Interest, Municipal Street Aid, Other)

3) Prudent Reserve

Prudent Reserve (\$157,216/Trustees + \$78,000/Village) as of March 24, 2023	\$235,216
Forecast Trustees Prudent Reserve for March 24, 2024	\$175,000
Forecast Trustees Prudent Reserve projected for March 24, 2025	\$190,000



**Base Land Rent examples:**

Lot size	A Rate	+ C Rate	= Total
8,000 sq. ft.	$(7,116 * 311.00 / 1000)$ \$ 2,213.08	+ $(884 * 311.00 * .4 / 1000)$	\$ 109.97 = \$ 2,323.05
10,000 sq. ft.	$(7,116 * 311.00 / 1000)$ \$ 2,213.08	+ $(2,884 * 311.00 * .4 / 1000)$	\$ 358.77 = \$ 2,571.85
20,000 sq. ft.	$(7,116 * 311.00 / 1000)$ \$ 2,213.08	+ $(12,884 * 311.00 * .4 / 1000)$	\$ 1,602.77 = \$ 3,815.85
30,000 sq. ft.	$(7,116 * 311.00 / 1000)$ \$ 2,213.08	+ $(22,884 * 311.00 * .4 / 1000)$	\$ 2,846.77 = \$ 5,059.85
40,000 sq. ft.	$(7,116 * 311.00 / 1000)$ \$ 2,213.08	+ $(32,884 * 311.00 * .4 / 1000)$	\$ 4,090.77 = \$ 6,303.85

**Rate and Factor examples:**

1. A 20,000 sq. ft. lot containing one dwelling unit, on a village green and adjacent to a forest:

A RATE - 7,116 sq. ft. * \$311.00/ M sq. ft.	\$ 2,213.08
C RATE - 12,884 sq. ft. * \$311.00/ M sq. ft. * 40%	\$ 1,602.77
Base Land Rent	\$ 3,815.85
Forest Factor \$3,815.85 / * 10%	\$ 381.59
Greens Factor \$3,815.85 / * 5%	\$ 190.80
<b>Total Land Rent</b>	<b>\$ 4,388.24</b>

2. A 30,000 sq. ft. lot containing three dwelling units and adjacent to Arden Forest:

A RATE - 7,116 sq. ft. * \$311.00/ M sq. ft.	\$ 2,213.08
B RATE - Two ADU charges (2*\$830.16)	\$ 1,660.32
C RATE - 22,884 sq. ft. * \$311.00/ M sq. ft. * 40%	\$ 2,846.77
Base Land Rent	\$ 6,720.17
Forest Factor \$6,720.17 / * 10%	\$ 672.02
<b>Total Land Rent</b>	<b>\$ 7,392.19</b>

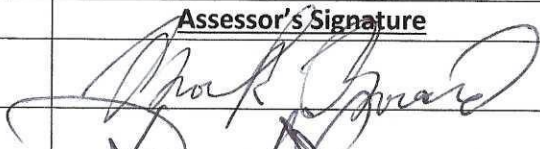
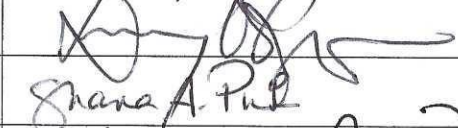

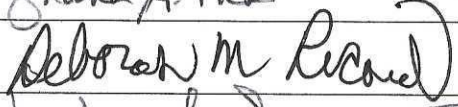
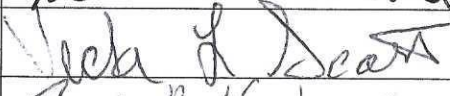
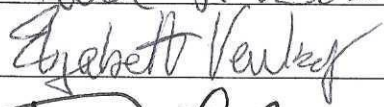

3. A 10,000 sq. ft. lot containing two dwelling units:

A RATE - 7,116 sq. ft. * \$311.00/ M sq. ft.	\$ 2,213.08
B RATE - One ADU charge	\$ 830.16
C RATE - 2,884 sq. ft. * \$311.00/ M sq. ft. * 40%	\$ 358.77
<b>Total Land Rent</b>	<b>\$ 3,402.01</b>

4. A 20,000 sq. ft. lot containing one dwelling unit:

A RATE - 7,116 sq. ft. * \$311.00/ M sq. ft.	\$ 2,213.08
C RATE - 12,884 sq. ft. * \$311.00/ M sq. ft. * 40%	\$ 1,602.77
Base Land Rent	\$ 3,815.85
<b>Total Land Rent</b>	<b>\$ 3,815.85</b>

THE 2023 BOARD OF ASSESSORS  
Vote on Final Report (June 2023)

<u>2022 Assessor</u>	<u>Assessor's Signature</u>	<u>Assessor's Vote</u>
Brooke Bovard		Yes
Denis O'Regan		Yes
Shana Pinter		Yes
Deborah Ricard		Yes
Vicki Scott		Y
Elizabeth Varley		Y
Tom Wheeler		Y